



Understanding the Medicare Prescription Drug Plan Benefit

Seniors' Health Insurance Information Program (SHIIP)

2005 National Medicare & You Training Program

Jim Long, Insurance Commissioner



Key Messages:

Medicare prescription drug coverage is available **to all people** with Medicare—even those on Medicare with SSA awarded disability under age 65

Key Messages:

There is additional help for those who **need it most**

Key Messages:

Medicare prescription drug coverage pays for **brand-name** as well as **generic drugs**

Key Messages:

Medicare beneficiaries should look for a Medicare prescription drug plan that meets their needs

Key Messages:

Medicare prescription drug coverage will help you pay for the prescriptions you need

Medicare Prescription Drug Coverage

- Coverage begins January 1, 2006
- Minimum Standard coverage in 2006:
 - You pay the first \$250 per year for prescriptions -annual deductible;
 - Between \$250 and \$2,250;You pay 25% and Medicare pays 75% of drug costs
 - You pay 5% of drug costs (or small co-payment)
 after paying \$3,600 out of pocket (\$5100)

Medicare Prescription Drug Coverage

- Medicare Prescription Drug Plans (PDPs) can offer plans beyond the minimum standard coverage;
- Plan sponsors were given the option to **enhance** and **expand** their coverage.
 - **NOTE:** the plan cannot offer the catastrophic coverage until a beneficiary reaches the out-of-pocket amount of \$3600;
- Beneficiaries should compare features, benefits, list of drugs the plan offers and premiums in deciding which plan best meets their needs.

Extra Help With Drug Costs

- Available for many people with limited income and assets
- People with lowest income and assets
 - May pay no premiums or deductibles
 - Have small or no co-payments
- Those with slightly higher income and assets
 - Have a reduced deductible
 - Pay a little more out of pocket

Eligibility for Extra Help

- Income
 - Below 150% Federal Poverty Level
 - \$1,197 per month for an individual (Yearly income = \$14,364)
 - \$1,604 per month for a married couple (Yearly income = \$19,248)
 - Exceptions for dependent family members
- **Assets**
- Up to \$11,500 (individual)
 Up to \$23,000 (married couple)
 - Includes \$1,500/person funeral or burial expenses
 - Counts savings, stocks, CDs and IRA accounts
 - Does not count home the person lives in, vehicles, personal possessions, or pre-paid burial contracts

Automatic Eligibility for Extra Help

- Some people may automatically qualify if they currently have Medicaid benefits
- People with Medicare who
 - Get full Medicaid benefits
 - Get Supplemental Security Income (SSI)
 - Get help from Medicaid paying their Medicare premiums (MQB, SLMB, and QI)
- All others **must apply** for the extra help through the Social Security Administration

How to Apply for Extra Help

- Social Security Administration (SSA) continues to attempt contact with persons potentially eligible beneficiaries;
- Those who think they may qualify should
 - Complete their application
 - Mail it to the address on the back
 - Use the enclosed postage-paid envelope
 - Use original forms only (do not photocopy)
- People who are not sure should still apply
 - www.socialsecurity.gov can help people decide

Which Drugs Are Covered?

- Medicare-covered drugs
 - Drugs available only by prescription
 - Drugs, biologicals, insulin
 - Medical supplies associated with injection of insulin
 - Brand-name and generic drugs
- Drugs not covered
 - Drugs excluded by MMA law
 - Drugs for Anorexia, weight gain or loss, fertility, cosmetic purposes, hair growth, symptomatic relief of cough and colds, barbiturates, benzodiazepines
 - Non-prescription drugs
 - Drugs that are covered for a person under Medicare Part A or Part B

Which Drugs Are Covered?

- NC Division of Medical Assistance will continue to offer limited coverage for selected medications excluded by MMA law;
- Current Medicaid recipients are not required to complete a Low-Income Subsidy application;
- All dual-eligible Medicaid recipients will be automatically enrolled in a PDP and receive this information in October of 2005
- Visit Division of Medical Assistance website at www.dhhs.state.nc.us/dma/medicare_d/partd.htm

Coverage Varies by Plan

- Plan may not cover all drugs
 - Formularies (list of drugs plan covers) must include at least 2 drugs in each classification
- Centers for Medicare & Medicaid Services (CMS) have reviewed formularies
- Plan must give 60-day notice of any changes
- Plan must have exception/appeals process
 - Gives enrollees access to medically necessary drugs
 - Decision can be appealed (requests will be processed within 24 to 72 hours)

Ways to Get Coverage

- Medicare prescription drug coverage is provided through
 - Medicare Prescription Drug Plan (PDP)
 - Medicare Advantage (HMO, PPO, PFFS)
 - Some employers and unions to retirees
- Coverage is **NOT** automatic—need to enroll
- Need to understand options and how to take advantage of the prescription benefits

Joining a Plan

- Enroll directly with the plan sponsor
- Can get help in enrolling
 - Legal representative
 - Spouse, other relative, friend, or advocate
- Initial Enrollment Period

For people entitled to Medicare currently and before February 2006	November 15, 2005, through May 15, 2006
For people entitled to Medicare on February 1, 2006, or later	7-month period

Marketing Guidelines

- PDPs are prohibited from using free gifts and prizes -- not to exceed \$20
- Plans are required to disseminate information on their drug coverage to their enrollees and prospective enrollees:
 - about their service areas,
 - the benefits offered under the plan,
 - the cost sharing amounts,
 - their formularies, pharmacy access, and other aspects of coverage available through the plan

Marketing Guidelines

- The PDP companies may not solicit Medicare beneficiaries by going "door-to-door" or sending "unsolicited emails."
- The Co-branding (relationship between two or more entities, one of which is sponsoring a PDP plan) regulations allow partners to promote enrollment into their plan. (Example: A pharmacy may market or promote a particular PDP plan.)
- In North Carolina insurance agents who are selling these products must have a Life and Health license along with a Medicare Supplement/LTC license.

Beware of Fraud & Abuse

Aggressive marketing of any insurance product is prohibited by North Carolina General Statute

- "Door to door" marketing is prohibited.
- Medicare Prescription Drug Coverage is available **ONLY** through Plans contracted with Medicare.
 - (Remember: Medicare does not make house calls or phone calls and ask for your Social Security or Medicare numbers or your credit card or bank account numbers.)
- Make sure you know the name of the person <u>AND</u> the company represented by that person giving advice to you about Medicare related products.
- Contact the SHIIP office if there are reports of fraud or abuse (1-800-443-9354).

Late Enrollment

- Most people will have to pay a penalty if they wait to enroll
 - Additional 1% of base premium for every month the person was eligible but not enrolled
 - For as long as the person is enrolled in a Medicare prescription drug plan
- Unless they have other coverage that, on average, is at least as good as Medicare prescription drug coverage

Coverage on Average at Least as Good as Medicare's

- People with other coverage
 - Will receive information from the plan sponsor
 - Will not pay a penalty if they wait to enroll, if coverage is at least as good as Medicare prescription drug coverage and plan is terminated
- Possible examples
 - Some group health plans (GHP)
 - VA coverage
 - Military coverage including TRICARE for Life

Annual Coordinated Election Period

- November 15 December 31 every year
- Person who does not have a Medicare drug plan can enroll
- Person who currently has a Medicare drug plan can switch
- Change effective January 1

Things to Consider

- What is your current health insurance coverage?
 - Medicare and employer/union, including military
 - Original Medicare Plan
 - Medicare Advantage and other Medicare Health Plans
 - HMO, PPO, PFFS
 - Medicare and Medicaid
- Is there currently prescription drug coverage?
- Even those with current drug coverage should ask
 - "Is Medicare prescription drug coverage right for me?"

Current Insurance Coverage*

Medicare and Employer/Union Coverage, including the Military

Original Medicare Plan Medicare
Advantage and
Other Medicare
Health Plans

Medicare

Medicaid

NC Senior Care

Which box describes the health insurance you have now?

*Does NOT include doctor samples, discount cards, Medicare-approved drug discount cards with or without the \$600 credit, free clinics, or drug discount websites Medicare and
Employer/Union
Coverage,
including the
Military

• You have Medicare and get health insurance from an employer or union based on your or your spouse's current or previous employment.

Employer/Union Coverage

- Medicare is working with employers to help people with Medicare keep their current coverage.
- Employer options
 - Offer coverage in place of Medicare prescription drug coverage and receive a tax-free subsidy
 - Offer or contract with a Medicare drug plan to provide prescription drug coverage
 - Provide coverage that supplements the Medicare prescription drug coverage
 - Pay all or part of Medicare drug plan premiums

Employer/Union Coverage

What to do

- Watch the mail this fall for important coverage information from the plan sponsor;
- Contact the benefits administrator before you make any changes.

Choices to make

- Keep coverage offered by employer/union;
- Join a Medicare Prescription Drug Plan if you do not have coverage equal or better to Medicare's Standard plan;
- Compare other options available if you loose coverage from your employer/union.

CAUTION: If you voluntarily drop or lose your employer and/or union coverage, you may <u>not</u> be able to get it back.

Original Medicare Plan Without Medigap or With Medigap Plans A - G

- The Original Medicare Plan is your primary insurance
- You have no Medigap policy or
- You have a Medigap policy without drug coverage

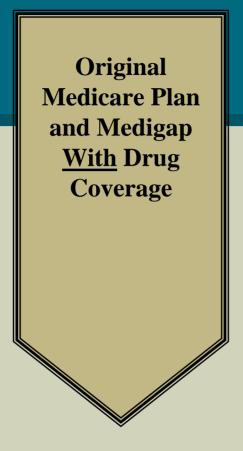
Original Medicare Plan

What to do

Watch the mail this fall for the Medicare & You
 2006 handbook

Choices to make

- Join a Medicare Prescription Drug Plan
- Join a Medicare Advantage or other health plan with prescription drug coverage
- Don't enroll in Medicare prescription drug coverage
 - --But you will pay a penalty if you join later



- The Original Medicare Plan is your primary insurance
- You have a Medigap policy with drug coverage

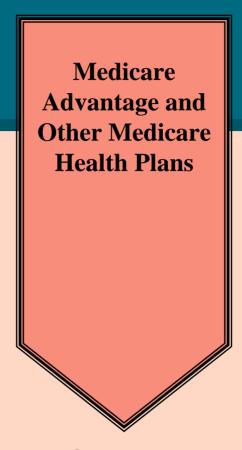
Original Medicare And Medigap With Drug Coverage

What to do

Watch the mail this fall for important information from the insurance company on Medigap coverage

Choices to make

- Keep coverage through the Medigap policy
- Join a Medicare Prescription Drug Plan after you
 - Modify the Medigap policy to remove drug coverage, or
 - Change to a Medigap policy with no drug coverage
- Drop Medigap policy and join a Medicare Advantage or other health plan with prescription drug coverage



- You get all your health insurance from one company
- You may have to use doctors and hospitals in plan's network
- You might need a referral for specialists

Medicare Advantage Plans (HMO, PPO, and PFFS)

- What to do
 - Watch for a notice from your plan
 - Call the plan for details
- Choices to make
 - If plan will offer drug coverage
 - Stay in plan and get Medicare prescription drug coverage or
 - Switch to another plan
 - If plan won't offer drug coverage
 - Stay in plan and add prescription drug coverage or
 - Switch to another plan

Medicare Advantage Plans

New to NC - Private-Fee-For-Service Plans

What is a PFFS?

- A health plan offered by a private insurance company under contract with the Medicare program;
- You can receive services from any eligible doctor or hospital in the US that is willing to provide care and accepts your PFFS's terms of payment;
- PFFSs can offer alternative benefits that are not available in Original Medicare.

Medicare Advantage Plans

New to NC - Private-Fee-For-Service Plans

Examples of Private-Fee-For-Service (PFFS) plans currently available in NC:

- Humana Gold Choice Value/Standard Option Plan
- PacifiCare Secure Horizons Direct Plan #1-#5
- Pyramid Life Today's Option Basic/Premier Plan
- Sterling Life Option #1
- Unicare Security Choice
- UnitedHealthcare Medicare Complete Essential Tier 3 & 3A

Medicare Medicaid

NC Senior
Care

- You have Medicare and Medicaid, and Medicaid now pays for your prescription drugs or
- You get help from Medicaid paying for your Medicare premium or
- You receive Supplemental Security Income (SSI)

Medicare and Medicaid

What to do

- You automatically qualify for the extra help
- Watch the mail this fall
 - Letter about choosing a Medicare prescription drug plan
 - *Medicare & You 2006* handbook

Choices to make

- Compare drug plan options and enroll in a plan
- If not, Medicare will enroll you in one by December 31, 2005
 - Starting January 1, 2006, Medicare will pay for your prescription drugs
- Can switch to another plan at any time

Other State/Federal Assistance Programs

What to do

- You automatically qualify for the **extra help** if you
 - Get help from Medicaid paying your Medicare premiums
 - Get Medicare and Supplemental Security Income (SSI) benefits
- Watch the mail for *Medicare & You 2006* handbook

Choices to make

- Compare drug plan options
- Find a plan that meets your needs
- If no choice made by May 15, 2006, will be enrolled on June 1, 2006
 - Also applies to people who applied and qualify for extra help
- Can switch once to another plan

Long-Term Care Facilities

Residents

- Are responsible for joining a Medicare prescription drug plan.
- May choose to select a plan that is contracted with the long term care pharmacy chosen by the facility
- Can change plans at any time if they have both Medicare and full Medicaid benefits
- Those who qualify for extra help have no deductibles and no co-payments

Long-Term Care Facilities

Residents can get help enrolling

Appointment of Representative
 May use the Form CMS-1696 (07/05)

Spouse, other friend or advocate

Choosing a Plan

- See *Medicare & You 2006* handbook
 - To be mailed October 2005
 - Read about prescription drug plans in the area
- For help in choosing a plan
 - Contact your SHIIP Coordinator
 - Visit <u>www.medicare.gov</u>
 - To get personalized information
 - Call 1-800-MEDICARE (1-800-633-4227)
 - TTY users call 1-877-486-2048
 - Attend local community events

NC Senior Care Transition to Medicare Part D

- ≤ 135% of Federal Poverty Level
 - Partial Dual Eligible
 - Subsidized Medicare premium with NO Rx benefit (i.e., QMB, SLMB, QI-1)
 - Auto Enrolled in LIS
 - Auto Enrolled in PDP after June 1, 2006
 - Full Part D Limited Income Subsidy

NC Senior Care Transition to Medicare Part D

- > 135% ≤ 149% of Federal Poverty Level
 - Must apply for LIS to receive
 - Partial Limited Income Subsidy
 - Denied due to resource limits
 - Eligible for NC "wraparound" if awarded LIS
 - Must enroll in Part D by May 15, 2006 or will be auto enrolled, if awarded LIS

NC Senior Care Transition to Medicare Part D

- ≥ 150% of Federal Poverty Level
 - No Limited Income Subsidy available
 - Full premium, co-pays and deductibles

NC Senior Care Enrollment Contact Data

- All Senior Care Enrollees (130,000)
- Demographics (Name, Address, etc.)
- Calculated FPL (0-135, 135-149, 150 up)
- Subsidy data from CMS (on its way)
- Medicare Number when available
- Senior Care ID starting with 500 have Medicaid

- What is it?
 - The purpose is to provide more information to help address the question, "Which plan is the right one for me?"
 - Beneficiary Centered Enrollment (BCE)
 - Mailed to all 130,000 NC Senior Care enrollees
 - Comparisons for each individual
 - Drugs paid for by Senior Care for each standalone PDP
 - Pharmacy used by individual to PDP pharmacy network
 - Aimed at people you won't counsel face to face
 - Web access to Senior Care enrollee claims data

• How to get this data?

Mailing in November 2005 to NC Senior Care enrollees

Web site available in November 2005

Our records show that in the past 90 days, you have taken 8 prescription medications.

Plan Name	# of Matching Medications	Matching Pharmacies	Enrollment Information Number
Aetna	7	Walgreen's	800-XXX-XXXX
Humana	3	Wal-Mart	800-XXX-XXXX
Medco	6	No Matches	800-XXX-XXXX
Preferred	2	Walgreens, Wal-Mart	800-XXX-XXXX
Value Plan	4	Wal-Mart	800-XXX-XXXX

• What do I do with the data?

Use it to enter into BenefitsCheckUpRx;

 Provide information to the enrollee to assist in their decision making process.

NC Senior Care Enrollment Contacts

3 Call Groups

- 100-135% MSP receiving partial Medicaid
 - NCSC ID#'s in 500's (most)
 - Full Subsidy deemed received letter
 - BCE Profile received
 - Choose & enroll or consult
 - Must enroll by 12/31/05
 - to avoid gap in coverage
 - Auto-enrolled by 6/1/06
 - Not enrolled in MSP enrolled in NCSC
 - Must enroll in LIS
 - Must enroll in PDP
 - Get list of drugs from pharmacist for consult

NC Senior Care Enrollment Contacts

- 136-149%
- Must apply for LIS
- Subsidy noted on NCSC list
- Partial LIS letter received
- NC Wraparound eligible
- BCE profile received
 - Choose & enroll or consult
- Enroll by 12/31/05
- Get list of drugs from pharmacist

NC Senior Care Enrollment Contacts

• 150-250%

- Not eligible for subsidy
- BCE profile received
 - Choose & enroll or consult
- Enroll by 12/31/05
 - pay full premium, co-pays and deductible
- Get list of drugs from pharmacist

NC Senior Care Formulary

- CMS worked with United States Pharmacopeia
 (USP) to develop list of classes
- Requirement: 2 drugs per class
- About 140 classes
- Exceptions do exist

NC Senior Care Excluded Classes

- Barbiturates and benzodiazepines
- Drugs for:

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--anorexia --fertility
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--weight loss --hair growth
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--weight gain --cosmetic purposes

- Symptomatic relief of coughs and colds
- Prescription vitamins and mineral products
- Nonprescription drugs
- Drugs covered by Medicare Part A or B
- Outpatient drugs requiring monitoring by the manufacturer

NC Senior Care - Classes Requiring Uninterrupted Access

- Anticonvulsants
- Antidepressants
- Antineoplastics
- Antipsychotics
- Antiretrovirals
- Immunosuppressants

Other Important Changes and Wrap Up

- Medicare Benefit Changes for 2006
- Key Dates & Resources

Medicare Benefit Changes for 2006

• The Part A Hospital Insurance deductible for 2006 will be \$952 (\$912 in 2005);

• The Medicare Part B premium for 2006 will be **\$88.50** (\$78.20 in 2005)

• The Part B deductible for 2006 will be \$124 (\$110 in 2005)

Medicare Benefit Changes for 2006

- Therapy Caps are scheduled to be reinstated January 1, 2006. The cap will be approximately \$1750 per year per beneficiary.
- There is one cap for Physical Therapy and Speech Therapy and a separate cap for Occupational Therapy.
- Caps apply to all outpatient therapy services, except hospital outpatient therapy services.
- Caps do apply to therapy services in Skilled Nursing Facilities (SNF) and SNF patients cannot use hospital outpatient therapy services.

• May 2005

 Medicare mailed notices to people who automatically qualify for extra help

• Summer 2005

 Social Security Administration mails applications to people who may be eligible for the extra help

• July 1, 2005

Social Security application for the extra help available online

- September 16 November 15, 2005
 - Medigap plans with drug coverage mail information to policyholders
- October 17, 2005
 - Begin comparing plans
 - www.medicare.gov
 - 1-800-MEDICARE (1-800-633-4227)

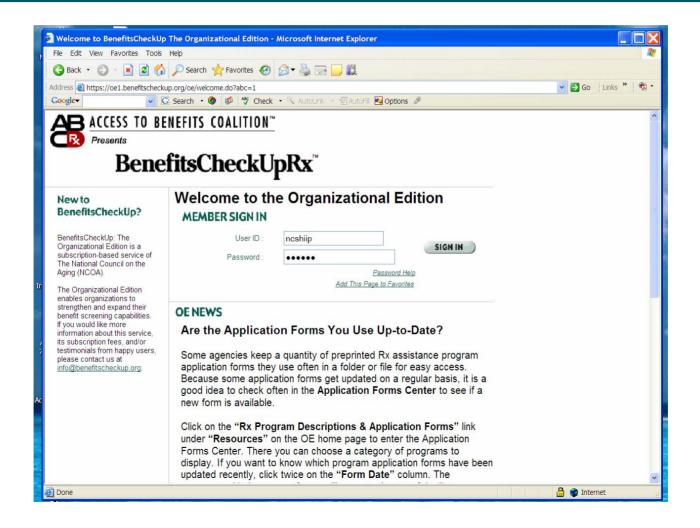
- October 2005
 - Medicare & You 2006 handbook mailed
 - Medicare notifies people with Medicare and Medicaid of the plan they will be automatically enrolled in on January 1, 2006, if they do not enroll on their own
 - Employer plans send coverage information to enrollees
- November 15, 2005
 - Initial Enrollment Period begins

- January 1, 2006
 - Medicare prescription drug plan coverage begins for those enrolled
- May 15, 2006
 - Last day of Initial Enrollment Period
- June 1, 2006
 - Facilitated enrollment of people entitled to extra help who did not enroll by May 15

For More Information

- Websites
 - www.medicare.gov
 - www.cms.hhs.gov
 - www.socialsecurity.gov
- Publications
 - Medicare & You 2006 handbook
 - Facts About Medicare Prescription Drug Plans
- 1-800-MEDICARE (1-800-633-4227)
- Social Security Administration
 - **1-800-772-1213**

Enrollment Assistance



Enrollment Assistance

